

FTR

Testimony of Representative Minnie Gonzalez

HB 6169 AN ACT CONCERNING AUTOMOBILE INSURANCE
HB 5565 AN ACT REQUIRING UNIFORM MOTOR VEHICLE INSURANCE
RATES AMONG THE TOWNS IN CONNECTICUT

I am concerned about the way Connecticut handles its automobile insurance and the manner in which drivers become criminals if they do not have the means to keep an active insurance after the initial premium payment.

These mostly poor drivers tend to have vehicles that are older and are not as valuable as the newer vehicles of drivers with ample resources. It is important to address this problem and present an alternate choice to the system we have in Connecticut. I would therefore like to explain how the Department of Motor Vehicle handles insurance in Puerto Rico to possibly model an insurance program in a similar manner.

In Puerto Rico, drivers pay an amount when vehicles are registered that maintains an insurance policy that covers up to \$3,000 in damages and a separate small charge for medical coverage in case of accidents. Registrations are renewed annually and the registration fees cover the yearly premium for base coverage. A premium of \$99 for private passenger vehicle and \$148 for commercial vehicle is charged on the annual registration fee and upon renewal of registration thereafter.

All motor vehicles are required to have Medical Liability insurance as well which is comparable to a no-fault state's Personal Injury Protection (PIP). This insurance in PR is known as ACAA (Agency for the Compensation of Automobile Accidents). The ACAA is a private corporation that provides compensation for the medical and disability expenses resulting from traffic accidents so the coverage is referred to as ACAA. The coverage offered by the corporation is mandatory, but private insurance companies are allowed to provide supplemental policies

In this way, drivers have a base insurance policy that stays active from year to year each time a vehicle is registered and do not run the risk of being fined if they are pulled over. They also have medical coverage in case it is needed. This allows drivers with less means and older vehicles to have coverage in case of accidents without paying monthly premiums they cannot afford.

While many would say \$3,000 is not enough coverage, insured drivers may obtain additional private insurance to supplement base coverage. In that case many insurance companies will provide a discount on the coverage premium when informed the \$3,000 liability coverage through the registration process has been paid.

In this discussion of making automobile insurance more affordable for everyone, we need to look at as many possible alternates as we can. I think the program in Puerto Rico, with some alterations as needed, may be applied in Connecticut.